NUMBER ONE.

Ald. Hyman (Chairman) reported from No. 1 Committee as follows:—(1) That the following accounts be paid:—J. B. Smith, $22 50; John Smith, $75; total, $97.50; (2) that the petition of John Shepland for remission of income tax, wrongly assessed, be granted; (3) that the petition of Mary Twohy for the remission of half her taxes be granted; (4) that the petition of Mrs. Zimmerman for remission of taxes be granted; (5) that the petition of Hanore Kennedy for reduction of taxes be fyled; (6) that the petition of R. Kirkpatrick to have refunded overpaid statute labor be granted by allowing statute labor tax paid for year 1881 to apply on statute labor tax for 1882; (7) that the petition of C. Breuse for remission of income tax, be granted; (8) that the petition of Mrs. Hamilton, for remission of taxes, be granted; (9) that the petition of James Laing, for remission of income tax, be granted; (10) Your committee beg to report progress on the petitions of J. J. Gauid, J. A. Moorehouse, J. F. Sherlock and Wm. Regan; (11) that the by laws appointing assessors be rescinded; (12) that the salaries of the city assessors be $500 each; (13) that the time of payment of taxes without interest be extended to December 31st next; (14) your committee beg to lay before your honorable body the interim statement of re-auditors' report.

The report was taken up clause by clause, and the first four clauses passed without discussion.

On the fifth clause Ald. Hunt moved, seconded by Ald. Pritchard, that half the taxes be remitted. Carried.

The eleventh and twelfth clauses were laid over, and the other clauses passed.

The report, as amended, was then adopted.

Ald. Backle moved, seconded by Ald. Boyd, that the prayer of petition of Cornelius Reilly, for remission of taxes, be granted. Carried.

Immediately after the report of No. 1 Committee had been presented at the meeting of the City Council last evening, Mr. George F. Jewell, the well-known accountant, who has been engaged in conducting a thorough investigation into the finances of the city from the period when the late Chamberlain, John Brown, assumed office in 1852 until the close of the last financial year on the 31st of May, 1882, submitted the exhaustive report, which is appended, covering the period of thirty years :—

To His Worship the Mayor and the Aldermen of the City of London, Ontario :—

GENTLEMEN,—I beg to report the result of my examination of the books and accounts of the city of London for the period during which the late Chamberlain, Mr. John Brown, held office ; and in doing so, may I be allowed to express a regret that I have so much to lay before you which will reflect upon the character of one who, during his life, was so universally respected, and whose genial and kindly manner endeared him to so many of the citizens of London.

I found the books to be in great disorder, and utterly devoid of any systematic arrangement, and that it was absolutely necessary to make entries of the entire debenture issue of the town and city of London,—first upon sheets prepared for the purpose, and afterwards in a proper debenture book, in which there will shortly be found a complete record of this important department of the city finances from the first issues.

Consequent upon the examination necessary to perfect this record, was the discovery of a series of defalcations by the late Chamberlain, who had contrived to withdraw city moneys for the payment of coupons which proved to be fraudulent. The coupons of spoilt debentures, which had been cancelled, were made to do duty as vouchers. Signatures had been procured on coupons of debentures not issued, and in some instances, coupons, after having been once passed, were abstracted from the packages and made to serve as vouchers for other similar entries, or so mixed with other coupons as to pass again the more readily. The total defalcation in this department exceeds eleven thousand dollars.

One debenture of one hundred pounds currency was issued under a false number, and the proceeds not accounted for at the time of issue, in the year 1856, and after it was paid, in 1874, the entry of payment was erased to avoid discovery.

The vouchers for the year 1856 are not amongst the city papers, but a memorandum exists to the effect that they were taken possession of by the auditors for that year. The verification of the payments of coupons for the previous and subsequent years is, however, so complete that there is little difficulty in ascertaining the amount of over charges on this account for the year in question.

The coupons of a series of debentures issued on account of the London and Port Stanley R. R Co., which fell due in England in January and July of each year, were for some time paid by sterling exchange purchased from the bank here in each previous December and June, and the coupons were not returned by the bank until their arrival in due course, a month or so after date of maturity, so that the only voucher shown to

the auditors at the close of each year wolud be the sterling exchange. At a certain period of the currency of these debentures the coupons of a portion of them were, at the instance of the holders, paid in Canada, and for these payments the coupons themselves were presented at the audit. This seems to have suggested the possibility of twice charging the remainder, which were still paid by sterling exchange, and I find that this was done in the years 1868, 1869 and 1870, in each of which they were charged as paid in the early part of the year, while the sterling exchange for their payment had been charged in the previous December. In the year 1870 an auditor's mark in the cash book seems to point to a discovery or at least a suspicion of the entry, which idea is confirmed by the entire suppression of the charge for the next series of coupons of the same debentures for which exchange must have been purchased in June, and some of the coupons so omitted were, however, subsequently omitted. In the following year, 1871, an attempt was made to enter these coupons, amounting to $1,483.00, a second time in conjunction with some of the coupons of same series, payable in Canada, and in attemping to adjust this entry at foot of the same folio in cash-book, the Chamberlain has taken credit for the above amount instead of $1,715.50, to which he was entitled and for which coupons are found amongst the city vouchers. The amount of defalcation in this series of coupons is $3,741.14.

The Council of 1852 is charged in the cash account of May, 1854, with a balance of overdraft due to Gore Bank, but as the bank balance was treated as cash, and the payments which caused the overdraft had already been entered in the cash-book, the effect of this entry was to give the Chamberlain credit for £182 8s. 8½d, or $729.74 more than he actually paid.

With the exception of the last named item, the deficiency in the early years of the late Chamberlain's tenure of office appears to have been confined to the entry of fraudulent coupons, which was practiced with much diligence, two or three coupons of the same cancelled debentures being frequently included in one entry, the distinguishing numbers or dates having been altered or obliterated, and as the supply of such coupons became exhausted other means of appropriating the city funds were resorted to, and the receipts of money on account of taxes in arrear, a department which appears to have been but little scrutinized, furnished the required opportunity, and from time to time amounts were received for items written off the tax book and not entered in the cash book ; moneys received on tax sales or for redemption of lands were insufficiently accounted for, and payments made on returned rolls previous to the entry of items in the tax arrears book were omitted. The total visible deficiency in this department exceeds $2,700, and the fact of a considerable number of entries having been left in the old tax book at the time of a general transfer of entries to a new book about the year 1865, for a stated reason, suggests that many of these entries, representing taxes on valuable properties, had been previously paid and accounted for. To verify this, however, would take time, and lead to no profitable result.

Interest on a note discounted at the Bank of Commerce in January, 1872, amounting to $773.08, is charged both in December, 1871, and the month following.

Up to the year 1872 the notes discounted in the bank had been duly entered in the cash account, but during this year entries were made in the journal, crediting and debiting bills payable, but with the corresponding debits and credits to bank not posted to any ledger account, the current bank balance being taken as constituting a part of the balance shown by cash book. The account was kept in this manner until the close of 1873, when the balance of bills payable, $38,000, was entered in the cash book, making all right up to that time. In the following year the entries were partly made in the journal and part in the cash book, the result being that by this means the Chamberlain took credit for payment from his cash account of a note for $18,000, which he had not so accounted for when negotiated ; which amount served to adjust to that extent a deficiency in his current cash account which had been gradually increasing for some years, but which he had been enabled to conceal from the auditors by paying accounts on account of each year during the January following, and charging them in the cash book as if paid in December.

During the same year, 1874, an entry of cash received on account of debentures is reduced by the deduction of $6,851.42, as a previous entry of a portion of the total amount, but this sum having been received on account of another issue of debentures, the entry is erroneous.

A special ledger account of money received from bank for proceeds of debentures shows the error, which is covered by a credit entry of nearly similar amount, made directly in the ledger, having no corresponding debit, and originating in no other book.

In the year 1875 the amounts paid for sterling exchange were seen to exceed the